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**Testimony to the Honolulu City Council, Committee on Budget****August 23, 2017****9:00 a.m.****Committee Meeting Room****RE: Bill 45, Relating to the Transportation Surcharge**

Chair Manahan, Vice-Chair Elefante, and members of the committee:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii is in strong support of the Honolulu Rail Transit Project, and we firmly believe that the entire 20-mile corridor must be completed. Bill No. 45 proposes to amend the existing ordinance by specifically stating that the funds received can only be used for the capital cost of the locally preferred alternative for a mass transit project. The bill goes further by prohibiting the use of the funds for:

- Operating costs of the mass transit project or any purpose not consistent with subsection (a); or
- Administrative or operating costs, including personnel costs, of the Honolulu Authority for Rapid Transportation or the Department of Transportation Services.

Extension of the General Excise Tax (G.E.T.) rail surcharge would be one of the more stable funding sources necessary to complete the 20 mile rail transit project. Other funding sources have been identified by the City and County of Honolulu to "bundle" with the GET surcharge as a possible way to finance the full construction of the project.

The rail transit system is actually a "growth management" tool that is intended to increase the population density along the 20-mile transit corridor. The planned density along the transit corridor will result in nearly 70 percent of Oahu's population and more than 80 percent of the island's jobs will be located along the 20-mile rail corridor by the year 2030—13 years from now. To stop support for the transit system at this time would prevent future growth without a significant investment in roadway infrastructure, or allowing for more development into areas not currently planned for future growth (i.e. Hawaii Kai, Windward Oahu, North Shore, and Central Oahu-between Wahiawa and Waialua).

We are very concerned about the current movement to change or stop the project. Policy makers need to be aware that the future housing needs on Oahu are tied to the transit project. With the critical lack of supply of housing at all price points driving up housing costs, stopping the transit project at this point would prevent or severely limit the amount of density within the urban core.

For the sake of the next generation, which includes many adult children who still live at home, we must find a way to complete construction of the rail transit project. The rail transit project gives us the best opportunity to "build" our way out of the housing crisis we are in right now.

We encourage the Honolulu City Council to consider all applicable funding sources to provide the necessary financing to complete the 20 mile transit corridor.

Thank you for the opportunity to express our views on this matter.